Energy Update

Alberta Energy

August 2013

Gasoline and Diesel Prices[1]

Prices listed are retail prices including retail and refining margins as well as transportation costs.

City	Gas $/litre	Diesel $/litre	Provincial and other fuel taxes[2] ¢/litre
Calgary	1.18	1.14	9
Edmonton	1.13	1.13	9
Vancouver	1.47	1.41	20.1 (21.4 for diesel)
Saskatoon	1.28	1.19	15
Winnipeg	1.31	1.25	11.5
Toronto	1.31	1.22	14.7 (14.3 for diesel)
Montreal	1.41	1.38	17.2 (18.2 for diesel)
Moncton	1.33	1.36	13.6 (19.2 for diesel)
Halifax	1.37	1.33	15.5 (15.4 for diesel)
Charlottetown	1.36	1.38	15.8 (20.2 for diesel)
St. John's	1.36	1.38	16.5

Federal excise tax is 10 cents on gas and 4 cents on diesel. Five per cent GST is then charged on the retail price plus federal excise and provincial taxes.

July 30, 2013

Natural Gas Prices

The New York Mercantile Exchange (NYMEX) is used as an international benchmark price for natural gas. Natural gas on the NYMEX is priced in U.S dollars per million British thermal units (MMBtu). This price is based on delivery at the Henry Hub in Louisiana. "Hub" describes the geographical location of a price reference.

Natural gas also has a North American benchmark: the AECO-NIT spot price. The AECO-NIT price is the Alberta gas trading price based on delivery at the Alberta Hub.

The AECO-NIT price is in Canadian $/GJ where 1GJ = 0.948213 MMBtu.

Benchmark	Price	Average (2013)*	Average (2012)**
Henry Hub/NYMEX ($US/MMBtu)	$3.43	$3.74	$2.83
AECO-NIT ($CAD/GJ)	$2.53	$3.10	$2.45

July 30, 2013

* Average of daily closing prices 2013 year-to-date.
** Annual average is the average of closing prices for all trading days in 2012.

For Alberta consumers who use natural gas to heat their homes, there are two major companies responsible for providing regulated natural gas service: Direct Energy Regulated Services (DERS) and AltaGas Utilities Inc. Consumer natural gas prices are set at the beginning of each month, and are priced in $/GJ.

Company	Price ($/GJ)
DERS-North	1.85***
DERS-South	2.93***
AltaGas Utilities Inc.	3.76

July 30, 2013

*** Includes an energy related amount of $0.063/GJ approved in Decision 2009-238 and Decision 2010-317.

Propane and Heating Oil Prices[1]

Propane is a natural gas liquid (NGL). Canadian NGLs are priced at a hub in Texas.

Heating or furnace oil is a liquid petroleum product priced on the NYMEX.

Product	Canadian Average Price
Propane	$0.70/litre
Heating Oil	$1.19/litre

July 30, 2013

Crude Oil and Synthetic Crude Prices

Crude oil is priced on the NYMEX in $US/barrel. There are many varieties and grades of crude oil, but there are a limited number benchmark prices. Other varieties of crude oil (including synthetic crude upgraded from bitumen) are priced at a discount or a premium, according to how their quality compares to that of the benchmark.

[1] Source: MJ Ervin & Associates, Weekly Pump Price Survey.
[2] Source: Government of Canada's Fuel Focus, Taxes on Petroleum Products, December 31, 2011.

Energy Update

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August 2013

The price most often referenced is the West Texas Intermediate (WTI) oil benchmark.

Benchmark	Price ($US/barrel)	Average (2013)* ($US/barrel)
Brent	106.91	107.81
Maya @USGC	98.79	100.01
WTI at Cushing	103.08	95.77
WTI-WCS differential**	21.15	

As of July 30, 2013

*Average of daily closing prices 2013 year-to-date.
**WTI-WCS differential is based on the expected average monthly WTI prices for the month in which WCS will be delivered. The delivery date is approximately one month from the trade date.

Energy Industry Activity

Land Sales

Public offerings of petroleum and natural gas and oil sands are held every two weeks. While the public offering process is often referred to as a "land sale," the mineral rights are not sold, but leased or rented.

Land Sale Revenue

	2013 (to date) (14 of 24 sales)	2012 (calendar year) (24 sales)
Average price/hectare P&NG	$348.66	$360.06
Average price/hectare oil sands	$81.16	$136.27
Total revenue	$411,484,824.02	$1.12 billion

As of July 31, 2013

Well Licences

Before drilling a well, a company must receive regulatory approval from the Alberta Energy Regulator (AER) in the form of a license.

Monthly Well Licenses[3]

	May 2013	April 2013	May 2012
Number of licences issued	658	368	620

[3] Source: Department of Energy

Spudded wells

A spud is the very beginning of a drilling operation for a well.

Estimated Wells Spudded[3]

	June 2013	May 2013	June 2012
Number of wells	246	214	518

As of July 18, 2013

Rig activity

A **drilling rig** drills holes to determine whether oil or gas is present in commercial quantities. Once a viable pool has been reached, the drilling rig will usually be replaced with a **service rig**, which is specifically equipped to bring the well into production. Drilling rigs are generally used to create new wells, while service rigs work on existing wells, including completing wells that have just been drilled, fixing wells that do not produce, and abandoning wells that have stopped producing. A service rig crew (4-6 people) is generally smaller than a drilling rig crew (12-20 people).

Drilling Rig Activity[4]

	Active	Down	Total	% Active
AB	203	393	596	34%
AB (prev.month)	129	488	617	21%
SK	68	70	138	49%
BC	45	18	63	71%

As of July 30, 2013

Service Rig Activity[5]

	Active	Down	Total	% Active
AB	357	337	694	51%
AB (prev.month)	325	378	703	46%
SK	129	88	217	59%
BC	6	12	22	27%

As of July 23, 2013

[4] Source: Canadian Association of Oilwell Drilling Contractors, courtesy of Divestco. Weekly Western Canada Drilling Rig Count.
[5] Source: Canadian Association of Oilwell Drilling Contractors, courtesy of Nickel's Rig Locator. Weekly Western Canada Service Rig Count.